

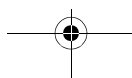
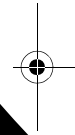
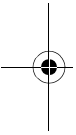
A Message From Social Security:

The retirement earnings test has changed for people who will be age 65 or older after 1999. We are revising this publication to reflect changes in the retirement earnings test. In the meantime, information on how the change affects the retirement test can be found at <http://www.ssa.gov/retire/whileworking.htm>



Social Security

Understanding
The Benefits





Why We Hope You Will Read This Booklet

Whether you're young or old, male or female, single or with a family—this booklet is for you and about you. That's because Social Security has programs that affect everybody.

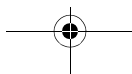
Chances are you're either paying Social Security taxes or getting Social Security benefits—or you're related to someone who is.

Whatever your situation, this booklet has information you will find helpful and useful.

It was prepared by the Social Security Administration (SSA) and tells you what you need to know about Social Security while you're still working and what you need to know when it's your turn to collect benefits. It also provides an overview of Medicare and Supplemental Security Income (SSI) benefits.

The information in this booklet is not intended to cover all provisions of the law. For specific information about your case, contact a Social Security office. Other booklets are available that explain all of the Social Security programs in more detail. And we have prepared a series of leaflets and factsheets that provide information about some of the finer points of Social Security. Page 35 lists some of these brochures.

Social Security's Toll-Free Number
1-800-772-1213
TTY: 1-800-325-0778
Internet: www.ssa.gov



What's Inside

Part 1—Your Investment

<i>In Social Security</i>	4
Your Social Security Taxes Pay Benefits	4
Social Security Is More Than Retirement	5
How To Contact Us	5
Planning For Your Financial Future	6

Part 2—What You Need To

<i>Know About Social Security</i>	
<i>While You're Still Working.</i>	6
Social Security: A Simple Concept	6
Your Social Security Number	6
The Social Security Taxes You Pay	7
You Become Eligible For Social Security By Earning "Credits"	8
How Much Will You Get From Social Security?	9
How Your Benefit Is Figured	10
If You Haven't Earned Enough Credits To Get Social Security	11

Part 3—What You Need To Know When You

<i>Become Eligible For Social Security.</i>	11
How And When To Sign Up For Social Security	11
What Records Will You Need?	11
Retirement Benefits	13
Disability Benefits	15
Benefits For Your Family	18
Survivors Benefits	19
Supplemental Security Income	21
Medicare	24

<i>Part 4—What You Need To Know After You Sign Up For Social Security</i>	27
What You Should Tell Us	27
If You Disagree With A Decision We Make	27
How Your Earnings Affect Your Benefits.	28
Your Benefits May Be Taxable	29
When Somebody Needs Help Managing Benefits	30
<i>Examples Of Benefits</i>	32
<i>Other Booklets Available</i>	35
<i>Some Facts About Social Security</i>	36
<i>Index</i>	38

Part 1—Your Investment In Social Security

Your Social Security Taxes Pay Benefits

You may wonder where your Social Security tax dollars go. Generally, out of every dollar you pay in Social Security taxes:

- 85 cents goes to a trust fund that pays monthly benefits to retirees and their families and to about eight million widows, widowers and children of workers who have died; and
- 15 cents goes to a trust fund that pays benefits to people with disabilities and their families.

From these trust funds, Social Security also pays the costs of administering the Social Security programs. Those costs are **less than one cent** of each Social Security tax dollar collected.

The entire amount of taxes you pay for Medicare (1.45 percent of your earnings) goes to a trust fund that pays for some of the costs of hospital and related care of all Medicare beneficiaries. Medicare is administered by the Health Care Financing Administration.

Money not used to pay benefits and administrative expenses is invested in U.S. government bonds, generally considered the safest of all investments. The government uses the money it has borrowed from Social Security—just as it uses money you may have invested in government bonds—to pay for all the services and programs it provides for our citizens. And, just as the government pays you back with interest on your bonds, it makes good on its obligations to Social Security.

You also need to know about Social Security's financial stability. Each year, Social Security's Board of Trustees reports on the financial status of the Social Security program. These reports serve as valuable tools for evaluating and ensuring the economic health of the Social Security system. The latest report indicates that the Social Security system, as currently

structured, will be able to pay benefits well into the next century. This means the Congress has time to make changes to safeguard the program's financial future.

Social Security Is More Than Retirement

Most people think of Social Security as a retirement program. Although it's true that most of our beneficiaries (about 61 percent) receive retirement benefits, many others get Social Security because they are:

- disabled;
- a spouse or a dependent of someone who gets Social Security; or
- a widow, widower or child of someone who has died.

Depending on your circumstances, you may be eligible for Social Security at any age. Social Security pays more benefits to children than any other government program. Today, more than 44 million people, about one out of every six Americans, collect some kind of Social Security benefit.

How To Contact Us

SSA has about 1,300 offices in cities and towns across America. You're always welcome to visit the office nearest you.

You can get recorded information 24 hours a day, including weekends and holidays, by calling Social Security's toll-free number, **1-800-772-1213**. You also can speak to a service representative between 7 a.m. and 7 p.m. on business days.

Our lines are busiest early in the week and early in the month, so, if your business can wait, it's best to call at other times. When you call, have your Social Security number handy.

People who are deaf or hard of hearing may call our toll-free TTY number, 1-800-325-0778, between 7 a.m. and 7 p.m. on business days.

You also can reach us on the Internet. Type www.ssa.gov to access Social Security information.

We treat all calls confidentially—whether they're made to our toll-free numbers or to one of our local offices. We also want to make sure you receive accurate and courteous service. That's why we have a second Social Security representative monitor some incoming and outgoing telephone calls.

Planning For Your Financial Future

Social Security benefits are not intended to meet all of your financial needs. When you retire, you'll probably need other income, such as savings or a pension. Think of Social Security as a foundation upon which you can build your financial future.

This booklet explains the plans and decisions you need to make now to ensure a brighter and more secure financial future for you and your family.

Part 2—What You Need To Know About Social Security While You're Still Working

Social Security: A Simple Concept

Social Security is based on a simple concept. When you work, you pay taxes into the system, and when you retire or you become disabled, your spouse and your dependent children receive monthly benefits that are based on your earnings. And, your survivors collect benefits when you die.

Your Social Security Number

Your first, and most continuing, link with Social Security is your number. You'll need your Social Security number to get a job and to pay taxes. Without it, you won't be able to pay

into the Social Security program and you won't be able to collect Social Security benefits. We use your Social Security number to track your earnings while you're working and to track your benefits once you're getting Social Security.

You'll need to show your number to your employer, any financial institution that pays you interest and to the Internal Revenue Service. And, many other businesses and government agencies use the Social Security number for recordkeeping purposes. Although we can't prevent others from asking for your number, you should know that if you give it to them they **cannot** use it to get your Social Security records. We will not give information from your records without your written consent, unless the law requires or permits it.

If you need a Social Security number, if you lost your card and need another one or if you need to change your name on your current card, call or visit a Social Security office. We'll ask you to fill out a simple one-page form and ask to see certain documents depending on your situation. (We need to see originals or certified copies.)

These are typical examples:

- a birth certificate and some form of identification for a new card;
- some form of identification for a replacement card; or
- a marriage certificate or divorce papers for a name change.

The Social Security Taxes You Pay

The Social Security taxes you and other workers pay into the system are used to pay for Social Security benefits. In addition, a portion of those taxes are used to pay for part of your Medicare coverage. The Supplemental Security Income program is financed by general tax revenues, not Social Security taxes.

If You Work For Someone Else

You and your employer pay taxes for Social Security and Medicare. In the year 2000, you and your employer each pay 7.65 percent of your gross salary (6.2 percent for Social Security and 1.45 percent for Medicare), up to \$76,200. The deduction may be labeled "FICA" on your pay slip. FICA is the Federal Insurance Contributions Act, the law that authorized Social Security's payroll tax.

If You Work For Yourself

If you're self-employed, you pay 15.3 percent of your taxable income into Social Security, up to \$76,200. You can take special deductions when you file your income tax that are intended to offset your tax rate.

For More Information: To learn more about self-employment tax rates, call or visit Social Security to ask for a copy of the factsheet, *If You're Self-Employed* (Publication No. 05-10022).

Extra Taxes For Medicare

If you earn more than \$76,200 in the year 2000, you continue to pay the Medicare portion of the Social Security tax on the rest of your earnings. The Medicare tax is 1.45 percent for both employers and employees, and 2.9 percent for self-employed persons.

You Become Eligible For Social Security By Earning "Credits"

You must work and pay taxes into Social Security in order to get benefits. (Of course, some people get benefits as a dependent or survivor on another person's Social Security record.)

As you work and pay taxes, you earn Social Security "credits." In the year 2000, you earn one credit for each \$780 in earnings you have—up to a maximum of four credits per year. (The amount of money needed to earn one credit goes up every year.)

Most people need 40 credits (10 years of work) to qualify for benefits. Younger people need fewer credits to be eligible for disability benefits or for their family members to be eligible for survivors benefits if they die.

During your working lifetime, you probably will earn more credits than you need to be eligible for Social Security. These extra credits do not increase your eventual Social Security benefit. However, the income you earn may increase your benefit, as you will learn in the next two sections.

For More Information: If you want to learn more about the number of credits you would need to qualify for benefits, call or visit Social Security to ask for a *Social Security Statement* (see the next section), or ask for a copy of one of the following booklets: *Retirement Benefits* (Publication No. 05-10035), *Survivors Benefits* (Publication No. 05-10084) or *Disability Benefits* (Publication No. 05-10029).

How Much Will You Get From Social Security?

The amount of your Social Security benefit is based on your date of birth, the type of benefit you apply for and, most importantly, your lifetime earnings.

This booklet explains how a Social Security benefit is figured. You'll find examples of benefits in the tables on Pages 32–34. And, if you're age 25 or older and not already receiving Social Security benefits on your own earnings record, each year we will send you a *Social Security Statement* that displays your earnings record and provides estimates of the retirement, disability and survivors benefits you and your family may be eligible to receive now and in the future. You should receive your statement about three months before your birthday.

You also can request a *Social Security Statement*. Call or visit a local Social Security office, call this toll-free number —**1-800-772-1213**—or type www.ssa.gov/mystatement to reach our website.

When you receive your statement, be sure to check your earnings record carefully. You share responsibility with your employer for making sure all of your earnings have been reported and that they are accurate. That's important because your benefits will be based on our record of your lifetime earnings.

How Your Benefit Is Figured

In general, a Social Security benefit is based on your earnings averaged over your working lifetime. This is different from many private pension plans that are usually based on a relatively small number of years of earnings.

Here's how your Social Security benefit is figured:

Step 1—We determine the number of years of earnings to use as a base.

Retirement benefits: For everyone born after 1928 and retiring in 1991 or later, that number is the 35 highest years. Fewer years are used for people born in 1928 or earlier.

Disability and survivors benefits: We use most of the years of earnings posted to your record.

Step 2—We adjust these earnings for wage inflation.

Step 3—We determine your **average** adjusted monthly earnings based on the number of years figured in step 1.

Step 4—We multiply your average adjusted earnings by percentages in a formula specified by law.

That formula results in benefits that replace about 42 percent of a person's earnings. This applies to people who had **average** earnings during their working years. The percentage is lower for people in the upper income brackets and higher for people with low incomes. (That's because the Social Security benefit formula is weighted in favor of low-income workers who have less opportunity to save and invest during their working years.)

If You Haven't Earned Enough Credits To Get Social Security

If you haven't worked long enough to get Social Security, or if you receive only a small benefit amount, you may be eligible for Supplemental Security Income (SSI). For more information, see Page 21.

Part 3—What You Need To Know When You Become Eligible For Social Security

How And When To Sign Up For Social Security

You can apply for benefits at any Social Security office. The easiest way to file a claim is to call our toll-free number, **1-800-772-1213**, to ask for an appointment.

For disability, survivors and SSI benefits, you should apply as soon as you're eligible. (The rest of this chapter will help you decide if and when you are eligible.) When signing up for retirement, you should talk to a Social Security representative in the year before the year you plan to retire. That's because the rules are complicated, and it may be to your advantage to start your retirement benefits before you actually stop working.

What Records Will You Need?

To show that you are eligible for Social Security and to help us decide how much your benefits should be, there are certain documents we may ask you to provide. The ones you'll need depend on the circumstances of your claim. Here is a list of some of the documents you may need when you sign up for Social Security:

- your Social Security card (or a record of your number);
- your birth certificate;
- children's birth certificates (if they are applying);

- proof of U.S. citizenship or lawful alien status if you (or a child who is applying) were not born in the U.S.;
- your spouse's birth certificate and Social Security number if he or she is applying for benefits based on your record;
- marriage certificate (if signing up on a spouse's record);
- your military discharge papers if you had military service; and
- your most recent W-2 form, or your tax return if you're self-employed.

This is just a partial list to help you get prepared. We'll let you know if other documents are needed when you file a claim.

Here's An Important Point: You'll need to submit original documents or copies certified by the issuing office. You can mail or bring them to Social Security. We'll make photocopies and return your documents. If you don't have all the documents you need, don't delay signing up for Social Security. We'll help you get the information you need.

Direct Deposit

We encourage new Social Security beneficiaries to have their monthly benefits deposited directly into a bank or other financial institution account. Direct deposit is a simple, safe and secure way to receive your benefits, and you remain in control of your money.

If you want to receive your benefits through direct deposit, be sure to have your checkbook or account statement with you when you apply. The Social Security representative who takes your claim will need that information to make sure your monthly benefit is correctly deposited into your account. If you do not want direct deposit, the representative will help you make other arrangements for your monthly benefit.

Retirement Benefits

This section of the booklet explains Social Security retirement benefits. To learn more about the program, call or visit Social Security to ask for a copy of the booklet, *Retirement Benefits* (Publication No. 05-10035).

Full Retirement

If you were born before 1938, you will be eligible for your full Social Security benefit at the age of 65.

However, beginning in the year 2003, the age at which full benefits are payable will increase in gradual steps from 65 to 67. The following table lists the steps:

Age to Receive Full Social Security Benefits

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Reduced Benefits As Early As Age 62

No matter what your “full” retirement age is, you may start receiving benefits as early as age 62. However, if you start your benefits early, they are reduced five-ninths of one percent for each month before your “full” retirement age. For example, if your full retirement age is 65 and you sign up for Social Security when you’re 64, you will receive 93 percent of your full benefit. At age 62, you would get 80 percent.

(Note: The reduction will be greater in future years as the full retirement age increases. For example, a person retiring at age 62 in the year 2000 will see a reduction of nearly 21 percent. A person born in 1960 whose full retirement age will be 67 will see a 30 percent reduction when retiring at age 62.)

Here's An Important Point: There are disadvantages and advantages to taking your benefit before your full retirement age. The disadvantage is that your benefit is permanently reduced. The advantage is that you collect benefits for a longer period of time. Each person's situation is different, so make sure you contact Social Security before you decide to retire.

What About Late Retirement?

Some people continue to work full time beyond their full retirement age—and they don't sign up for Social Security until later. This delay in retirement can increase your Social Security benefit in two ways:

- Your extra income usually will increase your “average” earnings, and the higher your average earnings, the higher your Social Security benefit will be.
- In addition, a special credit is given to people who delay retirement. This credit, which is a percentage added to your Social Security benefit, varies depending on your date of birth. For people turning age 65 in 2000, the rate is 6 percent per year. That rate gradually increases in future years, until it reaches 8 percent per year for people turning age 65 in 2008 or later.

How Much Will You Get?

On Page 10, we explained how you can get an estimate of the benefits you are due. A table on Page 32 gives examples of retirement benefit rates.

Disability Benefits

This section of the booklet describes Social Security's disability program. It focuses on benefits for people who have worked and earned enough Social Security "credits" to qualify for disability on their own work record.

Other kinds of disability benefits are available from Social Security, depending on your circumstances. For example:

- widows and widowers with disabilities may be eligible for benefits on the record of a spouse;
- people with disabilities who have low income and few assets might be eligible for SSI benefits; or
- children over age 18 with disabilities might be eligible for Social Security benefits on the record of a parent, or children of any age with disabilities might be eligible for SSI benefits on their own.

What Do We Mean By "Disability"?

The dictionary defines disability as "a physical or mental condition that prevents a person from leading a normal life." Social Security's definition of disability is more specific. Disability under Social Security is based on your inability to work.

You will be considered disabled if you cannot do work you did before and we decide that you cannot adjust to other work because of your medical condition(s). Your disability also must last, or be expected to last, for at least a year or to result in death.

This is a strict definition of disability. Unlike many private pension plans or even some other government disability programs, Social Security is not intended for a temporary condition. There is no such thing as a "partial" disability payment from Social Security.

How To Speed Up Your Disability Claim

If you become disabled, you should file for disability benefits right away. You can do this by calling or visiting any Social Security office.

You can shorten the time it takes to process your claim if you have the following medical and vocational information when you apply:

- medical records from your doctors, therapists,
- hospitals, clinics and caseworkers;
- your laboratory and test results;
- the names, addresses and phone and fax numbers of your doctors, clinics and hospitals;
- the names of all medications you are taking; and
- the names of your employers and job duties for the last 15 years.

Here's An Important Point: Social Security's disability rules are different from those of other private plans or government agencies. The fact that you qualify for disability from somebody else doesn't mean you'll be eligible for Social Security. And because you have a statement from your doctor indicating you are disabled doesn't mean you'll be automatically eligible for Social Security disability payments.

When Do Your Disability Benefits Start?

In most cases, your monthly benefits will begin with the sixth full month of your disability. Here's a simple example of how this works:

John has a severe heart attack on March 15. He files for disability on March 29, and his claim is approved on May 30. September is the sixth full month that he is disabled, so his benefits begin that month. Because benefit payments begin in the following month, he will receive his September benefits in October.

Here's An Important Point: Don't delay signing up for Social Security because of this "waiting period." By filing early, all the paperwork will be processed before your first benefits are due. There is no waiting period for disabled children's benefits or for SSI disability payments.

How Much Will You Get?

On Page 9, we told you how you can get a personalized estimate of any benefits you are due. See Page 33 for examples of disability benefit rates.

Worker's Compensation

Your Social Security disability benefit may be reduced if you get worker's compensation or certain other government disability benefits. Or, your Social Security benefits may reduce your other disability payments. The sum of all disability payments to you and your family cannot exceed 80 percent of your earnings averaged over a period of time shortly before you became disabled.

How Long Will Your Disability Benefits Continue?

You will continue to get disability benefits unless your condition improves or you return to performing "substantial" work (see Page 15). We check your claim periodically to determine if this is the case. To help us decide, you may be asked to undergo a special test or examination that we will pay for.

Incentives To Return To Work

There are special rules that help people who would like to work but are concerned about the effect this might have on their disability benefits. These rules permit people to try working without risking a sudden loss of their monthly benefits and their Medicare coverage.

For More Information: To learn more about these special work incentives, call or visit any Social Security office and ask for a copy of the leaflet, *Working While Disabled ... How We Can Help* (Publication No. 05-10095).

Benefits For Your Family

This section of the booklet describes the benefits payable to members of your family when you are eligible for retirement or disability benefits.

Who Can Get Benefits?

When you start collecting Social Security retirement or disability benefits, other members of your family also may be eligible for payments. For example, benefits can be paid to:

- your husband or wife if he or she is age 62 or older (unless he or she collects a higher Social Security benefit on his or her own record);
- your husband or wife at any age if he or she is caring for your child (the child must be under age 16 or disabled and receiving Social Security benefits); and
- your children, if they are
 - unmarried and under age 18;
 - under age 19, but in elementary or secondary school as a full-time student; or
 - age 18 or older and severely disabled (the disability must have started before age 22).

How Much Can Family Members Get?

Each family member may be eligible for a monthly benefit that is up to 50 percent of your retirement or disability rate. However, there's a limit to the total amount of money that can be paid to a family on your Social Security record. The limit varies, but is generally equal to about 150 to 180 percent of your retirement benefit. (It may be less for disability benefits.) If the sum of the benefits payable on your account

is greater than this family limit, the benefits to the family members will be reduced proportionately. Your benefit will not be affected.

Benefits For Divorced Spouses

If you are divorced (even if you have remarried), your ex-spouse may qualify for benefits on your record. In some situations, he or she may get benefits even if you're not receiving them. To qualify, your ex-spouse must:

- have been married to you for at least 10 years;
- be at least 62 years old;
- be unmarried; and
- not be eligible for an equal or higher benefit on his or her own Social Security record, or on someone else's Social Security record.

Here's An Important Point: If your ex-spouse receives benefits on your account, it doesn't affect the amount of any benefits payable to you or your other family members.

Survivors Benefits

This section of the booklet tells about the benefits payable to the family of a worker who dies. For more information, call or visit any Social Security office and ask for a copy of the booklet, *Survivors Benefits* (Publication No. 05-10084).

Who Can Receive Survivors Benefits?

When you die, certain members of your family may be eligible for benefits on your Social Security record if you earned enough credits while you were working.

Family members who can collect benefits include:

- a widow or widower who is 60 or older;
- a widow or widower who is 50 or older and disabled;
- a widow or widower at any age if she or he is caring for a child under age 16 or a disabled child who is receiving Social Security benefits;

- children if they are unmarried and
 - under age 18;
 - under age 19 but in an elementary or secondary school as a full-time student; or
 - age 18 or older and severely disabled (the disability must have started before age 22); and
- your parents, if they were dependent on you for at least half of their support.

Special One-Time Death Benefit

If you had enough credits, a special one-time payment of \$255 also will be made after your death. This benefit is paid only to your widow(er) or minor children.

Benefits To Divorced Widow(er)s

If you are divorced (even if you have remarried), your ex-spouse will be eligible for benefits on your record when you die. In order to qualify, your ex-spouse must:

- be at least age 60 years old (or 50 if disabled) and have been married to you for at least 10 years;
- be any age if caring for a child who is eligible for
- benefits on your record;
- not be eligible for an equal or higher benefit on his or her own record; and
- not be currently married, unless the remarriage occurred after age 60—or 50 for disabled widows. (In cases of remarriage after the age of 60, your ex-spouse will be eligible for a widow's benefit on your record or a dependent's benefit on the record of his or her new spouse, whichever is higher.)

Here's An Important Point: If your ex-spouse receives benefits on your account, it does not affect the amount of any benefits payable to other survivors on your record.

How Much Will Your Survivors Get?

Your survivors receive a percentage of your basic Social Security benefit—usually in a range from 75 to 100 percent each. However, there is a limit to the amount of money that can be paid each month to a family. The limit varies, but is generally equal to about 150 to 180 percent of your benefit rate. If the total benefits payable to your surviving family members is greater than this limit, your family's benefits will be reduced proportionately.

The *Social Security Statement*, explained on Page 9, provides an accurate measurement of potential survivors benefits payable on your record. In addition, a table on Page 34 gives examples of survivors benefit rates.

Retirement Benefits For Widow(er)s

If you're receiving widows or widowers (including divorced widows or widowers) benefits, you can switch to your own retirement benefits as early as age 62 (assuming you're eligible and your retirement rate is higher than your widow(er)'s rate). In many cases, a widow(er) can begin receiving one benefit at a reduced rate and then switch to the other benefit at an unreduced rate at age 65. The rules are complicated and vary depending on your situation, so talk to a Social Security representative about the options available to you.

Supplemental Security Income

This section of the booklet explains the Supplemental Security Income (SSI) program. For more information, call or visit any Social Security office and ask for a copy of the booklet, *Supplemental Security Income* (Publication No. 05-11000).

What Is Supplemental Security Income?

Supplemental Security Income is usually called "SSI." Although this program is run by Social Security, the money to pay for SSI benefits does not come from Social Security

taxes or Social Security trust funds. SSI payments are financed by the general revenue funds of the U.S. Treasury.

SSI makes monthly payments to people who have low incomes and few assets. To get SSI you must be living in the U.S. or the Northern Mariana Islands and be:

- 65 or older;
- blind; or
- disabled.

You also must be a U.S. citizen or national. (Some noncitizens can qualify for SSI. Ask for the factsheet, *SSI for Noncitizens* (Publication No. 05-11051), for information about who can qualify.)

Here's An Important Point: Children as well as adults can get SSI benefits because of blindness or disability. See Page 23 for more information.

Income And Asset Limits For SSI

To get SSI, your income and the value of the things you own must be below certain dollar limits.

By the term **income**, we mean the money you have coming in such as earnings, Social Security or other government checks, pensions, etc. We also mean “non-cash” items you receive, such as the value of free food and shelter.

How much income you can have and still get SSI depends on whether you work or not—and in which state you live. Although there is a basic national SSI payment rate, some states add money to the national payment, so they have higher SSI rates and higher income limits than others. Check with your local Social Security office to find what the SSI rates and income limits are in your state.

Assets are the things you own such as property, cash and bank accounts. We don't count everything you own when we decide if you can get SSI. For example, we don't count your home and many of your personal belongings, and we usually don't count your car.

You may be able to get SSI if the things you own that we count are worth no more than:

- \$2,000 for one person; or
- \$3,000 for a couple.

Unlike the income category, these limits don't change from state to state.

How Much Can You Get From SSI?

How much you'll get from SSI depends on your other income and where you live. The basic monthly SSI check is the same in all states—\$512 for one person and \$769 for a couple. Some states add money to the basic rate, so you may get more if you live in one of these states. You'll get less if you have other income or if someone helps pay for your food and shelter.

For more information about SSI rates in your state, contact your local Social Security office.

SSI For People With Disabilities — Including Children

People with disabilities, including children, can get SSI if their income and assets are below the limits discussed in the previous sections.

Most of the rules used to decide whether a person has a condition severe enough to qualify for Social Security disability benefits also apply to SSI.

As with Social Security, the SSI program has special plans to help people who want to try going back to work without the risk of suddenly losing their benefits or Medicaid coverage. To learn more about these special plans, ask for a copy of the leaflet, *Working While Disabled ... How We Can Help* (Publication No. 05-10095).

For special information about benefits for children with disabilities, ask for a copy of the leaflet, *Benefits For Children With Disabilities* (Publication No. 05-10026).

Other Help You Can Get

Most people who get SSI also can get food stamps and “Medicaid” assistance. Medicaid, which is a different program than Medicare, helps pay doctor and hospital bills. For more information about food stamps, ask Social Security for a copy of the factsheet, *Food Stamp Facts* (Publication No. 05-10101). For more information about Medicaid, contact your local social services office.

Medicare

Medicare is our country’s basic health insurance program for people 65 or older and many people with disabilities.

You should not confuse Medicare and Medicaid. Medicaid is a health care program for people with low income and limited assets. It’s usually run by state welfare or social service agencies. Some people qualify for one or the other; some qualify for both Medicare and Medicaid.

This booklet provides only a brief overview of the Medicare program. If you would like to learn more about Medicare, call or visit any Social Security office and ask for a copy of the booklet, *Medicare* (Publication No. 05-10043).

Medicare Has Two Parts

Medicare provides—

- hospital insurance (sometimes called “Part A”) that helps pay for inpatient hospital care and certain follow-up services; and
- medical insurance (sometimes called “Part B”) that helps pay for doctors’ services, outpatient hospital care and other medical services.

Who Is Eligible For Hospital Insurance (Part A)?

Most people get hospital insurance when they turn 65. You qualify for it automatically if you’re eligible for Social Security or Railroad Retirement benefits. Or you may qualify on a spouse’s (including divorced spouse’s) record. Others

qualify because they are government employees not covered by Social Security who paid the Medicare part of the Social Security tax.

In addition, if you've been getting Social Security disability benefits for 24 months, you'll qualify for hospital insurance.

Also, people who have permanent kidney failure that requires maintenance dialysis or a kidney replacement qualify for hospital insurance if they are insured or if they are the spouse or child of an insured worker.

Almost everybody qualifies for hospital insurance through one of the above methods. But if you don't and if you're 65 or older, you can buy hospital insurance just like you can buy other health insurance policies.

Who Can Get Medical Insurance (Part B)?

Almost anyone who is eligible for hospital insurance can sign up for medical insurance. Unlike Part A, which was paid for by your taxes while you worked and is free when you're eligible for it. Part B is an optional program that, in the year 2000, costs \$45.50 per month if you choose to enroll. Most people sign up for this part of Medicare.

How Do You Get Medicare?

If you are already getting Social Security benefits when you turn 65, you'll automatically be enrolled in Medicare (although you have the opportunity to turn down Part B).

If you're disabled, you'll automatically be enrolled in Medicare after you've been getting disability benefits for 24 months. (You can turn down Part B.)

If you turn 65 and plan to keep working but don't plan to sign up for Social Security at that time, you should call or visit a Social Security office so we can help you decide whether you should sign up for Medicare only.

There are many other rules associated with Medicare enrollment **including penalties for not enrolling in Part B when you're first eligible**. Please contact your local Social Security office for more details.

What Does Medicare Pay For?

Medicare hospital insurance (Part A) helps pay for:

- inpatient hospital care;
- skilled nursing facility care;
- home health care; and
- hospice care.

Medicare medical insurance (Part B) helps pay for:

- doctors' services;
- outpatient hospital services;
- home health visits;
- diagnostic X-ray, laboratory and other tests;
- necessary ambulance services; and
- other medical services and supplies.

What Medicare Does Not Pay For

Not all health services are covered by Medicare. For example, Medicare does **not** pay for:

- custodial care;
- dentures and routine dental care;
- eyeglasses, hearing aids and examinations to prescribe and fit them;
- nursing home care (except skilled nursing care);
- prescription drugs; and
- routine physical checkups and related tests.

Help For Low-Income Medicare Beneficiaries

If you get Medicare and have low income and few assets, your state may pay your Medicare premiums and, in some cases, other "out-of-pocket" Medicare expenses such as deductibles and coinsurance. Only your state can decide if you qualify. To find out if you do, contact your state or local welfare office or Medicaid agency. For more general information about the program, contact Social Security and ask for a copy of the leaflet, *Medicare Savings For Qualified Beneficiaries* (HCFA Publication No. 02184).

Part 4—What You Need To Know After You Sign Up For Social Security

After you've signed up for retirement, disability, survivors, Medicare or SSI benefits, your involvement with Social Security is just beginning. This section of the booklet explains a few things you need to know about your benefits.

When your benefits begin, we send you a booklet that explains your rights and responsibilities. In addition, we produce a variety of publications that explain other facts you need to know about Social Security and SSI. **If you need more information**, call or visit any Social Security office to tell us your situation. There is probably a pamphlet or factsheet we can give you that will answer your questions.

What You Should Tell Us

Let us know if any of the following events occur:

- you move;
- you get married or divorced;
- you change your name;
- your income or earnings change;
- you become a parent or adoptive parent;
- you are imprisoned;
- you leave the United States; or
- a Social Security beneficiary dies or becomes unable to manage his or her funds.

If You Disagree With A Decision We Make

Whenever we make a decision that affects your eligibility for Social Security or SSI benefits, we send you a letter explaining our decision. If you disagree with our decision, you have the right to appeal it. In other words, you can ask us to review your case. If our decision was wrong, we will change it.

For More Information: To learn more about the appeals process, call or visit any Social Security office to ask for a copy of the factsheet, *The Appeals Process* (Publication No. 05-10041). In addition, you have the right to be represented by a qualified person of your choice when dealing with Social Security. For more information, ask us for a copy of the factsheet, *Your Right To Representation* (Publication No. 05-10075).

How Your Earnings Affect Your Benefits

The law limits the amount of money you can earn and still collect all your Social Security benefits. This provision affects people under the age of 70 who collect Social Security retirement, dependents or survivors benefits. (Earnings in or after the month you reach age 70 won't affect your Social Security benefits.) **People who work and collect disability or SSI benefits have different earnings requirements and should report all their income to Social Security.**

If you are under age 65, you can earn up to \$10,080 in 2000 and still collect all your Social Security benefits.

However, for every \$2 you earn over \$10,080, \$1 will be withheld from your Social Security benefits.

If you are age 65 through 69, you can earn up to \$17,000 in 2000 and still collect all your Social Security benefits.

However, for every \$3 you earn over \$17,000, \$1 will be withheld from your Social Security benefits.

We count only the earnings you make from a job, or your net profit if you're self-employed. This includes compensation such as bonuses, commissions and vacation pay. It doesn't include pensions, annuities, investment income, interest, Social Security, veterans or other government benefits.

For More Information: To learn more about the Social Security earnings limits and how they affect you, call or visit any Social Security office to ask for a copy of the leaflet, *How Work Affects Your Benefits* (Publication No. 05-10069).

Your Benefits May Be Taxable

Some people who get Social Security will have to pay taxes on their benefits. You'll be affected only if you have substantial income in addition to your Social Security benefits.

If you file a federal tax return as an "individual," and your combined income* is between \$25,000 and \$34,000, you may have to pay taxes on 50 percent of your Social Security benefits. If your combined income* is above \$34,000, up to 85 percent of your Social Security benefits is subject to income tax.

If you file a joint return, you may have to pay taxes on 50 percent of your benefits if you and your spouse have a combined income* that is between \$32,000 and \$44,000. If your combined income* is more than \$44,000, up to 85 percent of your Social Security benefits is subject to income tax.

*"Combined" income means your and your spouse's adjusted gross income (as reported on your Form 1040) **plus** nontaxable interest plus one-half of your Social Security benefits.

If you are married, but file a separate return, you probably will pay taxes on your benefits.

Although you're not required to have federal taxes withheld, you may find it easier than paying quarterly estimated tax payments.

To have federal taxes withheld, you'll need a form W-4V from the Internal Revenue Service (IRS). You can get this form by calling the IRS toll-free number, 1-800-829-3676, or by visiting SSA's Internet website, www.ssa.gov. After completing and signing the form, return it to your local Social Security office by mail or in person.

To get the address of your local Social Security office, call **1-800-772-1213**.

Each time you want to make a change (or stop the withholding), complete the W-4V and send it to Social Security.

For More Information: If you would like more information about the taxation of your Social Security benefits, there are some IRS publications that will help you. Call or visit IRS to ask for a copy of *Tax Information for Older Americans* (Publication No. 554), and *Social Security Benefits And Equivalent Railroad Retirement Benefits* (Publication No. 915).

When Somebody Needs Help Managing Benefits

Sometimes, people who receive Social Security or SSI are not able to handle their own financial affairs. In those cases, and after a careful investigation, we appoint a relative, a friend or another interested party to handle their Social Security matters. We call that person a “representative payee.” All Social Security or SSI benefits due are made payable in the representative payee’s name on behalf of the beneficiary.

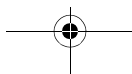
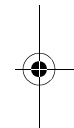
Here’s An Important Point: If you have “power of attorney” for someone, that does not automatically qualify you to be his or her representative payee.

If you are a representative payee, you have important responsibilities. You must:

- use the Social Security or SSI benefits for the personal care and well-being of the beneficiary, saving any excess funds on the beneficiary’s behalf;
- file a periodic accounting report with Social Security that shows how you spent or saved the benefits you were paid; and
- keep Social Security informed of any events that might affect the beneficiary’s eligibility for benefits. For example, you should tell us if the beneficiary moves or gets a job. And, of course, you should tell us when the beneficiary dies.



For More Information: If you would like to learn more about receiving benefits on behalf of another individual, ask for a copy of the booklet, *A Guide For Representative Payees* (Publication No. 05-10076).



Examples Of Benefits

Approximate Monthly Benefits If You Retire At Full Retirement Age And Had Steady Lifetime Earnings

Your Age In 2000	Your Family	Your Earnings in 1999				
		\$20,000	\$30,000	\$40,000	\$50,000	\$72,600 Or More ¹
45	You	\$ 841	\$1,107	\$1,352	\$1,477	\$1,774
	You and Your Spouse ²	1,261	1,660	2,028	2,215	2,661
55	You	841	1,107	1,352	1,475	1,713
	You and Your Spouse ²	1,261	1,660	2,028	2,212	2,569
65	You	769	1,014	1,224	1,307	1,433
	You and Your Spouse ²	1,153	1,521	1,836	1,960	2,149

¹ Earnings equal to or greater than the OASDI wage base and are determined to be \$72,600 for 1999 and \$76,200 for the year 2000 and later.

² Your spouse is assumed to be the same age as you. Your spouse may qualify for a higher retirement benefit based on his or her own work record.

Note: The accuracy of these estimates depends on the pattern of your actual earnings, which may vary significantly from those shown here.

Approximate Monthly Benefits If You Become Disabled In 2000 And Had Steady Earnings

Your Age In 2000	Your Family	Your Earnings In 1999				\$72,600 Or More ¹
		\$20,000	\$30,000	\$40,000	\$50,000	
25	You	\$ 841	\$1,107	\$1,352	\$1,477	\$1,726
	You, your spouse and child ²	1,261	1,661	2,028	2,215	2,589
35	You	841	1,107	1,352	1,477	1,734
	You, your spouse and child ²	1,261	1,661	2,028	2,215	2,602
45	You	841	1,107	1,352	1,477	1,715
	You, your spouse and child ²	1,261	1,661	2,028	2,215	2,573
55	You	841	1,107	1,352	1,464	1,633
	You, your spouse and child ²	1,261	1,661	2,028	2,196	2,450
64	You	787	1,038	1,255	1,340	1,468
	You, your spouse and child ²	1,181	1,557	1,883	2,010	2,202

¹ Earnings equal to or greater than the OASDI wage base and are determined to be \$72,600 for 1999.

² Equals the maximum family benefit.

Note: The accuracy of these estimates depends on the pattern of your actual earnings, which may vary significantly from those shown here.

Approximate Monthly Survivors Benefits For Your Family If You Had Steady Earnings And Die In 2000

Your Age In 2000	Your Family	Your Earnings In 1999				
		\$20,000	\$30,000	\$40,000	\$50,000	\$72,600 Or More ¹
35	Your spouse and one child ²	\$1,260	\$1,660	\$2,028	\$2,214	\$2,614
	Your spouse and two children ³	1,459	2,008	2,366	2,585	3,050
	One child only	630	830	1,014	1,107	1,307
	Your spouse at age 60	601	792	966	1,056	1,246
45	Your spouse and one child ²	1,260	1,660	2,028	2,214	2,580
	Your spouse and two children ³	1,459	2,008	2,366	2,585	3,010
	One child only	630	830	1,014	1,107	1,290
	Your spouse at age 60	601	792	966	1,056	1,229
55	Your spouse and one child ²	1,260	1,660	2,028	2,196	2,500
	Your spouse and two children ³	1,459	2,008	2,366	2,562	2,858
	One child only	630	830	1,014	1,098	1,225
	Your spouse at age 60	601	792	966	1,046	1,168

¹ Maximum earnings are greater than or equal to the OASDI wage base and are determined to be \$72,600 for 1999.

² Amounts shown also represent benefits payable to two children, if no parent survives or if surviving parent has substantial earnings.

³ Maximum family benefit amount.

Note: The accuracy of these estimates depends on your actual earnings, which may vary significantly from those shown here.

Other Booklets Available

As we said on the first page, this booklet provides a general overview of Social Security programs and how they might affect you. Throughout this booklet, we refer you to other publications whenever the situation requires more information or a more detailed explanation.

SSA produces many publications and factsheets designed to help explain these programs to you. Here's a list of some you may find helpful:

- *Retirement Benefits* (Publication No. 05-10035)—a guide to Social Security retirement benefits;
- *Disability Benefits* (Publication No. 05-10029)—a guide to Social Security disability benefits;
- *Survivors Benefits* (Publication No. 05-10084)—a guide to Social Security survivors benefits;
- *Supplemental Security Income* (Publication No. 05-11000)—a guide to the Supplemental Security Income program; and
- *Benefits For Children With Disabilities* (Publication No. 05-10026)—an overview of benefits available to children.

These and other publications can be obtained at any Social Security office or by calling our toll-free number, **1-800-772-1213**, 24 hours a day, including weekends and holidays.

You can also reach us on the Internet. Type www.ssa.gov to access Social Security information.

Some Facts About Social Security

2000 Social Security and Medicare Taxes

- You and your employer each pay 7.65 percent up to \$76,200
- If you're self-employed, you pay 15.3 percent up to \$76,200

Extra Taxes For Medicare In 2000

- You and your employer each pay 1.45 percent on all wages above \$76,200
- If you're self-employed, you pay 2.9 percent on all net earnings above \$76,200

Work Credits In 2000

- For each \$780 you earn, you receive one Social Security "credit" up to four per year
- Most people need 40 credits to be eligible for retirement benefits
- Younger people need fewer credits to qualify for disability and survivors benefits

Average 2000 Monthly Social Security Benefits

- Retired worker: \$804
- Retired couple: \$1,348
- Disabled worker: \$754
- Disabled worker with a spouse and child: \$1,255
- Widow(er): \$749
- Young widow(er) with two children: \$1,611

2000 Earnings Limits

- If you're under age 65, you can earn up to \$10,080 with no reduction in benefits; for every \$2 you earn over \$10,080, \$1 is withheld from benefits

- If you're 65-69, you can earn up to \$17,000 with no reduction in benefits; for every \$3 you earn over \$17,000, \$1 is withheld from benefits
- If you're 70 or older, there is no limit on your earnings

2000 SSI Payment Rates
(does not include state supplement, if any)

- \$512 for an individual
- \$769 for a couple

Index

amount of benefits **9**

appealing a decision **27**

applying for benefits **11**

benefits

—applying for **11**

—direct deposit of **12**

—disability **15–18**

—divorced widow(er)s **20**

—early retirement **13**

—effect of earnings on **28**

—eligibility for **8**

—estimate of amount **9**

—examples of disability benefits **33**

—examples of retirement benefits **32**

—examples of survivors benefits **34**

—family **18–19**

—full retirement **13**

—late retirement **14**

—Medicare **24–26**

—representative payee **30**

—retirement **13–14**

—Supplemental Security Income **21–24**

—survivors **19–21**

—taxation of **29**

—widow(er)s **21**

contact information **5**

credits **8**

direct deposit of benefits **12**

disability benefits **15–18**

- eligibility **15**
- estimate of amount **17**
- examples of **33**
- how long they continue **17**
- when they begin **16**

disability, definition of **15**

disagreement with decisions **27**

divorced spouses, benefits for **19**

divorced widow(er)s, benefits for **20**

earning credits **8**

earnings effect on benefits **28**

earnings record **9**

estimates of benefits **9**

examples

- disability benefits **33**
- retirement benefits **32**
- survivors benefits **34**

family benefits **18–19**

- estimate of amount **18**
- recipients **18**

Federal Insurance Contributions Act deduction **8**

FICA deduction **8**

figuring your benefit 10

- disability benefits 10**
- retirement benefits 10**
- survivors benefits 10**

food stamps 24

hours of service 5

Internet access 6

Medicaid assistance 24

Medicare 24–26

- coverage 26**
- enrollment 25**
- hospital insurance 24**
- low-income beneficiaries 26**
- medical insurance 24, 25**

phone number 5

proof of eligibility 11

publications available 35

representative payee 30

retirement benefits 13–14

- early retirement 13**
- estimate of amount 14**
- examples of 32**
- full retirement 13**
- late retirement 14**

signing up for benefits 11

Social Security card 7

Social Security number 6

Social Security Statement 9

SSI, see Supplemental Security Income

SSN, see Social Security number

Supplemental Security Income 21–24

- definition of **21**
- estimate of amount **23**
- for people with disabilities **23**
- income and asset limits **22**
- qualifications for **11**

survivors benefits 19–21

- estimate of amount **21**
- examples of **34**
- one-time death benefit **20**
- recipients **19**

taxation of benefits 29

taxes you pay 7

- Medicare **8**
- working for someone else **8**
- working for yourself **8**

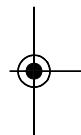
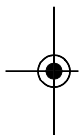
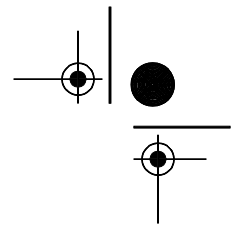
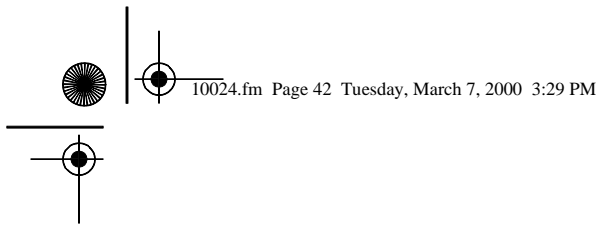
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TTY number 5

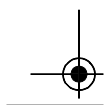
widow(er)s, benefits for 21


worker's compensation 17

WWW access 6



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